

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2351 - HB 2919**

March 4, 2012

**SUMMARY OF BILL:** Prohibits the enactment of any ordinance or resolution by a county or municipal legislative body to increase the property tax rate by more than one dollar per one hundred dollars of the assessed value of property until approved by the voters in the county or municipality by a referendum. The referendum may be held in conjunction with a general election, but in the absence of a general election, a special election must be held. Municipalities are required to pay all costs associated with holding a special election.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- It is assumed if the required referendum is held in conjunction with a general election, the fiscal impact to local government would be not significant.
- It is assumed the county holding the special elections would be responsible for all costs associated with the elections.
- If a special election was held for the required referendum, there would be an increase in expenditures for the county or municipality holding the election. The cost of the referendum would depend upon the size of the county or municipality.
- According to the State Division of Elections and the County Technical Assistance Service (CTAS), a referendum costs a small county between \$10,000 and \$30,000; a medium-sized county between \$35,000 and \$55,000; for the four largest counties: Davidson: \$557,000; Hamilton: \$207,000; Knox: \$298,000; Shelby: \$665,000.
- According to the State Division of Elections, the cost to municipalities range from \$8,800 for the city of Luttrell, with a population of 1,080, to \$715,000 for the city of Memphis, with a population of 646,900.
- According to the 2011 CTAS *Tennessee County Tax Statistics* report, from FY 2010 – FY 2011, only fifteen counties raised their property tax rate by over \$0.10. Of those, only 2 counties raised their rate by over \$0.50.
- According to the Comptroller of the Treasury, historically no county or municipality has increased its tax rate by more than one dollar per one hundred dollars of assessed value of property.

- It is assumed if this legislation were enacted counties and municipalities would be discouraged from raising property taxes more than one dollar per one hundred dollars of assessed value, due to the cost of holding the required referendum.
- Due to the assumption that no county or municipality has ever raised its property taxes more than one dollar per one hundred dollars of assessed value, and the added assumption that the enactment of this legislation will discourage future proposed tax increases greater than one dollar per one hundred dollars of assessed value, it is further assumed that local governments will not hold any referendums for the purpose of increasing property tax greater than one dollar per one hundred dollars of assessed value; therefore, any increase to local government expenditures as a result of this legislation will be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh